

IHC Health Services, Inc.

Included is unaudited consolidated financial and operating information of IHC Health Services, Inc. as of and for the three months ended March 31, 2019. The internally prepared consolidated financial information, although unaudited, does, in the opinion of management, include all normal recurring adjustments necessary to fairly summarize the results of operations for the periods presented. Results of operations for the three months ended March 31, 2019 are not necessarily indicative of the results that may be achieved for the fiscal year ending December 31, 2019.

The information contained in this document speaks only for the period and as of the date stated therein and shall not under any circumstances create any implication that there has been no change since the date of such information.

IHC Health Services, Inc.
Consolidated Balance Sheets (Unaudited)
(In Millions)

| | March 31 | December 31 |
|---|-------------------------|-------------------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Cash and equivalents | \$ 120 | \$ 658 |
| Assets limited as to use | 1,384 | 1,005 |
| Accounts receivable | 900 | 792 |
| Inventory | 155 | 176 |
| Due from brokers for securities sold | 310 | 238 |
| Other current assets | 181 | 143 |
| Total current assets | <u>3,050</u> | <u>3,012</u> |
| Assets limited as to use | 5,934 | 5,054 |
| Property and equipment, net | 3,332 | 3,308 |
| Other assets | 353 | 194 |
| Total assets | <u><u>\$ 12,669</u></u> | <u><u>\$ 11,568</u></u> |
| Liabilities and net assets | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 404 | \$ 401 |
| Compensation and related liabilities | 300 | 324 |
| Due to brokers for securities purchased | 803 | 429 |
| Other current liabilities | 174 | 138 |
| Securities held for affiliate | 124 | 119 |
| Current portion of long-term debt | 32 | 32 |
| Long-term debt subject to short-term remarketing arrangements | 457 | 457 |
| Total current liabilities | <u>2,294</u> | <u>1,900</u> |
| Pension liability | 265 | 235 |
| Long-term debt | 1,890 | 1,895 |
| Other liabilities | 644 | 464 |
| Net assets: | | |
| Without donor restrictions | 7,335 | 6,836 |
| With donor restrictions | 241 | 238 |
| | <u>7,576</u> | <u>7,074</u> |
| Total liabilities and net assets | <u><u>\$ 12,669</u></u> | <u><u>\$ 11,568</u></u> |

IHC Health Services, Inc.

Consolidated Statements of Operations and Changes in Net Assets (Unaudited)
(In Millions)

| | Three Months Ended March 31 | |
|--|--|--------------|
| | 2019 | 2018 |
| Revenues | | |
| Net patient services | \$ 1,505 | \$ 1,396 |
| Other revenues | 131 | 108 |
| | <hr/> 1,636 | <hr/> 1,504 |
| Expenses | | |
| Employee compensation and benefits | 766 | 752 |
| Supplies | 366 | 325 |
| Other operating expenses | 238 | 182 |
| | <hr/> 1,370 | <hr/> 1,259 |
| Earnings before interest, depreciation and amortization | 266 | 245 |
| Depreciation and amortization | 89 | 82 |
| Interest | 19 | 12 |
| | <hr/> 108 | <hr/> 94 |
| Net operating income | 158 | 151 |
| Nonoperating income (loss) | | |
| Investment income | 343 | 2 |
| Loss from nonoperating affiliates | (8) | (2) |
| | <hr/> 335 | <hr/> — |
| Excess of revenues over expenses | <hr/> \$ 493 | <hr/> \$ 151 |

(continued)

IHC Health Services, Inc.

Consolidated Statements of Operations and Changes in Net Assets (Unaudited)
(*In Millions*)

| | Three Months Ended | | |
|---|---------------------------|-----------------|-------------|
| | March 31 | 2019 | 2018 |
| Net assets without donor restrictions | | | |
| Excess of revenues over expenses | \$ 493 | \$ 151 | |
| Change in net unrealized investment gains on other-than-trading securities | 5 | 20 | |
| Other | 1 | 5 | |
| Increase in net assets without donor restrictions | 499 | 176 | |
| Net assets with donor restrictions | | | |
| Contributions | 5 | 6 | |
| Investment income | 2 | — | |
| Net assets released from restrictions and other | (4) | (4) | |
| Increase in net assets with donor restrictions | 3 | 2 | |
| Increase in net assets | 502 | 178 | |
| Net assets at beginning of period | 7,074 | 6,756 | |
| Net assets at end of period | \$ 7,576 | \$ 6,934 | |

IHC Health Services, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(In Millions)

| | Three Months Ended | |
|---|---------------------------|---------------|
| | March 31 | 2019 |
| | 2018 | |
| Operating activities | | |
| Cash received from patient services | \$ 1,365 | \$ 1,325 |
| Other receipts from operations | 135 | 105 |
| Interest and dividends received | 17 | 12 |
| Cash paid for employee compensation and benefits | (765) | (752) |
| Cash paid for supplies and other operating expenses | (602) | (543) |
| Interest paid | (6) | (6) |
| Net cash provided by operating activities | 144 | 141 |
| Investing activities | | |
| Purchases of property and equipment | (114) | (139) |
| Assets limited as to use: | | |
| Net decrease (increase) in cash investments | (423) | 65 |
| Purchases of investments | (365) | (258) |
| Sales and maturities of investments | 286 | 189 |
| Net purchases of trading securities | (73) | (26) |
| Net cash provided (used) by nonoperating affiliates | 5 | (1) |
| Net cash used in investing activities | (684) | (170) |
| Financing activity | | |
| Restricted contributions and other | 2 | 12 |
| Net decrease in cash and equivalents | (538) | (17) |
| Cash and equivalents at beginning of period | 658 | 165 |
| Cash and equivalents at end of period | \$ 120 | \$ 148 |

IHC Health Services, Inc.
Operating Statistics

| | Three Months Ended March 31 | |
|--|--|-------------|
| | 2019 | 2018 |
| Number of System Hospitals ⁽¹⁾ | 23 | 22 |
| Number of Licensed Acute Care Beds | 2,849 | 2,757 |
| Number of Staffed Acute Care Beds | 2,727 | 2,631 |
| Inpatient Admissions | 35,683 | 35,261 |
| Inpatient Days | 138,574 | 135,057 |
| Average Length of Stay (Days) | 3.9 | 3.8 |
| Overall Occupancy (Staffed) | 56.5% | 57.0% |
| Outpatient Ancillary Revenues ⁽²⁾ | 57.4% | 55.5% |

⁽¹⁾ Includes Garfield Memorial Hospital, a managed facility; all other statistics represent owned facilities only.

⁽²⁾ Expressed as a percentage of gross patient services revenues.